Psychiatric Beds and Services Workgroup 2006

Discussion Items – Working Document

1. Review bed need methodology.
   Note: Consideration from the January 30, 2006 Public Hearing. Received 3 recommendations to review for potential modification of the methodology.

Current Standards:

Sec. 3. (1) Until changed by the Commission in accordance with Section 4(3) and Section 5, the use rate for the base year for the population age 0-17 is set forth in Appendix D.

(2) The number of child/adolescent inpatient psychiatric beds needed in a planning area shall be determined by the following formula:
(a) Determine the population for the planning year for each separate planning area for the population age 0-17.
(b) Multiply the population by the use rate established in Appendix D. The resultant figure is the total patient days.
(c) Divide the total patient days obtained in subsection (b) by 365 (or 366 for leap years) to obtain the projected average daily census (ADC).
(d) Divide the ADC by 0.75.
(e) The number determined in subsection (d) represents the number of child/adolescent inpatient psychiatric beds needed in a planning area for the planning year.

(3) The number of needed adult inpatient psychiatric beds shall be determined by multiplying the population aged 18 years and older for the planning year for each planning area by the either:
(a) The ratio of adult beds per 10,000 adult population set forth in Appendix C; or
(b) The statewide ratio of adult beds per 10,000 adult population set forth in Appendix C, whichever is lower; and dividing the result by 10,000. If the ratio set forth in Appendix C for a specific planning area is "0", the statewide ratio of adult beds per 10,000 adult population shall be used to determine the number of needed adult inpatient psychiatric beds.

Examples from other States:

Alaska: Distributed at May 18, 2006 Meeting.
Alabama: 37.1 beds/100,000 population
Arkansas: .385 beds/1,000 population for ages 6-17
.300 beds/1,000 population for ages 18-21
Michigan: 2.8697 beds/10,000 population for adults (State average)
17.85 beds/1,000 population for ages 0-17
Oklahoma: 117/100,000 population

Possible Solutions:

- Maintain current Standards.
- A methodology that considers patient origin and market share.

Workgroup Consensus:

Handled in the Renewing License Concept (see page 8).

<table>
<tr><td colspan="2">2. Review planning areas for both Adult and Child/Adolescent.
Note: Consideration from the January 30, 2006 Public Hearing. Received 4 recommendations for review for potential modification of planning areas.</td></tr>
<tr><td>Current Standards:

Section 2 (1)(aa) "Planning area" means either:
(i) for child/adolescent beds and services, the geographic boundaries of the groups of counties shown in Section 14(1); or
(ii) for adult beds and services, the county or groups of counties served by each CMH as shown in Section 14(2).

Section 14(1) – (2).</td><td>Possible Solutions:

Child/Adolescent:
• Maintain current Standards.

Adult:
• Modify planning areas to use HSA.

Workgroup Consensus:

Handled in the Renewing License Concept (see page 8).</td></tr>
<tr><td colspan="2">3. Occupancy rates.
Note: Consideration from the CON Program Section for potential adjustment of occupancy rates.</td></tr>
<tr><td>Current Standards:

Section 6 (2)(d) In the case of an applicant that is proposing an increase in the number of licensed psychiatric beds at an existing facility, the average occupancy rate for all existing beds, as applicable, in all psychiatric hospitals or units in the planning area in which the proposed beds or services will be located, was at least 85 percent (85%) for adult beds and 75% for child/adolescent beds, for the 12 month period immediately preceding the date the application was deemed submitted based on the Department's data.

Section 11 (1)(c)(i) The average occupancy rate for all licensed beds at the psychiatric hospital or unit shall be at least 85 percent (%) for adult beds and 75 percent (%) for child/adolescent beds for the second 12 months of operation, and annually thereafter.</td><td>Examples from other States:

Alaska: 80% for 3 years for expansion of service
Arkansas: 80% for 1 year for expansion of service
Florida: 75% for maintenance level
North Carolina: 75% for maintenance level
West Virginia: 85% for maintenance level

Possible Solutions:
• Lower Rates for both adult and child/adolescent.
• Add criteria for use of a “turn away” rate.

Workgroup Consensus:

Handled in the Renewing License Concept (see page 8).</td></tr>
</table>

4. Discuss establishing an individual facility high occupancy exception. Note: Consideration from the January 30, 2006 Public Hearing. Received 3 recommendations for addition of a high occupancy exception.	
Current Standards: No applicable sections.	Examples from other States: Alabama: Addition of beds when facility reaches 75% average occupancy. Arkansas: Addition of 10 beds when facility reaches 90% average occupancy. Possible Solutions: • Allow a facility additional of beds when 'X" percent of the psychiatric patients seeking admission to that unit have been diverted to other psychiatric units. • Language similar to Hospital Bed high occupancy proposed by Ms. Adams at May 18, 2006 Meeting: Section (__). An applicant may apply for the addition of new adult or child/adolescent psychiatric beds, if all of the following subsections are met. Further, an applicant proposing new psychiatric beds at an existing licensed site shall not be required to be in compliance with the needed hospital bed supply set forth in Appendix __ if the application meets all other applicable CON review standards and the applicant agrees and assures compliance with all applicable project delivery requirements. (a) The beds are being added at the existing licensed hospital site. (b) The Applicant demonstrates that: (i) If applying for additional adult psychiatric beds, all existing adult psychiatric beds licensed to the hospital at that site have experienced an occupancy rate of ___% or more for the previous consecutive 12 months as documented on the most recent reports of the "annual Hospital Statistical Questionnaire" or more current verifiable data; or (ii) If applying for child/adolescent psychiatric beds, all existing child/adolescent beds licensed to the hospital at that site have experienced an occupancy rate of ___% or more for nine (9) consecutive months during the prior 12 months as documented on the most recent reports of the "annual hospital statistical questionnaire" or more current verifiable data. (c) The number of adult psychiatric beds that may be approved pursuant to this subsection shall be the number of beds necessary to reduce the occupancy rate for the hospital for adult psychiatric beds to __%. the number of beds shall be calculated as follows: (i) divide the actual number of patient days for adult psychiatric beds licensed to the Applicant at that site for the most recent, consecutive 12-month period for which verifiable data are available to the department by 0.__; (ii) divide the result of step (i) by 365 (or 366 for leap years) and round the result up to the next whole number; (iii) subtract the number of existing licensed adult psychiatric beds for that site as documented on the "department inventory of beds" from the result of step (ii) and round the result up to the next whole number to determine the maximum number of adult psychiatric beds that may be approved pursuant to this subsection. (d) The number of child/adolescent psychiatric beds that may be approved pursuant to this subsection shall be the number of beds necessary to reduce the occupancy rate for the hospital for child/adolescent psychiatric beds to __%. the number of beds shall be calculated as follows: (i) divide the actual number of patient days for child/adolescent psychiatric beds licensed to the Applicant at that site for 9 consecutive months during the most recent 12-month period for which verifiable data are available to the department by 0.__; (ii) divide the result of step (i) by 273 (or 274 for leap years) and round the result up to the next whole number; (iii) subtract the number of existing licensed child/adolescent psychiatric beds for that site as documented on the "department inventory of beds" from the result of step (ii) and round the result up to the next whole number to determine the maximum number of child/adolescent psychiatric beds that may be approved pursuant to this subsection. (e) An applicant proposing to add new psychiatric hospital beds under this subsection shall not be subject to comparative review.

5. Review replacement zone.
Note: Consideration from the January 30, 2006 Public Hearing. Received 4 recommendations to review for potential modification of replacement zone.

Current Standards:

Section 2(1)(kk) "Replacement zone" means a proposed licensed site which is:
(i) in the same planning area as the existing licensed site; and
(ii) on the same site, on a contiguous site, or on a site within 2 miles of the existing licensed site if the existing licensed site is located in a county with a population of 200,000 or more, or on a site within 5 miles of the existing licensed site if the existing licensed site is located in a county with a population of less than 200,000.

Section 8. An applicant proposing replacement beds shall not be required to be in compliance with the needed bed supply set forth in Appendix A or B, as applicable, if the applicant demonstrates all of the following:
(a) The project proposes to replace an equal or lesser number of beds currently licensed to the applicant at the licensed site at which the proposed replacement beds are currently located.
(b) The proposed licensed site is in the replacement zone.
(c) The applicant meets all other applicable CON review standards and agrees and assures to comply with all applicable project delivery requirements.
(d) Not less than 50 percent (50%) of the beds proposed to be replaced shall be allocated for use by public patients.
(e) Previously made commitments, if any, to the Department or CMH(s) to serve public patients have been fulfilled.
(f) The applicant has, at the time the application is deemed submitted, a signed letter of agreement, with the Department or the CMH(s) that serve the planning area in which the beds are located, to enter into a contract with the CMH(s) or the Department to meet the needs of the public patient when the proposed replacement beds are licensed for use. At a minimum, the letter of agreement shall specify the number of beds to be allocated to the public patient and the applicant's intention to serve patients with an involuntary commitment status.

Possible Solutions:

- Replacement zone would be the planning area.
- Replacement zone would be set mileage with a buffer zone between replacement facility and existing facilities.
- Language proposed by Ms. Adams at May 18, 2006 Meeting:

Section 2(1)(kk) “Replacement zone” means a proposed licensed site which is:
(i) in the same planning area as the existing licensed site; and
(ii) on the same site, on a contiguous site, or on a site within ~~2~~ 15 miles of the existing licensed site ~~if the existing licensed site is located in a county with a population of 200,000 or more, or on a site within 5 miles of the existing licensed site if the existing licensed site is located in a county with a population of less than 200,000~~.

Workgroup Consensus:

Handled in the Renewing License Concept (see page 8).

6. Discuss relocation of an existing licensed bed to another facility. Note: Consideration from the January 30, 2006 Public Hearing. Received 1 recommendation for addition of relocation language.	
Current Standards: No applicable sections.	Possible Solutions: • Language proposed by Ms. Adams at May 18, 2006 Meeting: Section 2(__) "Relocate existing licensed psychiatric beds" for purposes of Section __ of these Standards, means a change in the locate of existing adult or child/adolescent psychiatric beds from the existing licensed psychiatric hospital site to a different existing licensed hospital site within the same hospital subarea. This definition does not apply to projects involving replacement beds in a hospital governed by Section __ of these Standards. **Section __. Requirements for approval of an applicant proposing to relocate existing licensed psychiatric hospital beds.** (1) The proposed project to relocate beds, under this section, shall constitute a change in bed capacity under Section __ of these standards. (2) Any existing licensed psychiatric hospital may relocate all or a portion of its beds to another existing licensed psychiatric hospital located within the same subarea according to the provisions in this section. (3) The hospital from which the beds are being relocated, and the hospital receiving the beds, shall not require any ownership relationship. (4) The relocated beds shall continue to be counted in the inventory for the subarea but licensed to the recipient hospital. (5) The relocation of beds from any other licensed psychiatric hospital within the subarea to any licensed psychiatric hospital within the subarea, shall not be subject to a mileage limitation. (6) The psychiatric hospital beds licensed to the recipient hospital at the relocated site shall be of the same type of psychiatric beds (i.e., adult or child/adolescent beds) as those approved for relocation.
	Workgroup Consensus: Workgroup concluded that this concept was not necessary. No action will be taken.

<table>
<tr><td colspan="2">7. Review Section 6(2)(f).
Note: Consideration from the January 30, 2006 Public Hearing. Received 1 recommendation to remove this provision.</td></tr>
<tr><td rowspan="2">Current Standards:

Section 6(2) (f) If approved, the number of beds proposed in the CON application will not result in the number of existing adult or child/adolescent psychiatric beds, as applicable, in the planning area exceeding the needed bed supply set forth in Appendix A or B, as applicable. However, an applicant may request and be approved for up to a maximum of 20 beds if, when the total number of "existing adult beds" or existing child/adolescent beds" is subtracted from the bed need for the planning area set forth in Appendix B, the difference is equal to or more than 1 or less than 20.</td><td>Possible Solutions:

• Remove this Section.
• Maintain current Standards.
• Modify to read a maximum of 10 beds.</td></tr>
<tr><td>Workgroup Consensus:

Handled in the Renewing License Concept (see page 8).</td></tr>
<tr><td colspan="2">8. Review Section 6(3).</td></tr>
<tr><td rowspan="2">Current Standards:

Section 6(3) The minimum number of beds in a psychiatric unit in a general hospital shall be at least 20 beds. If a psychiatric unit has or proposes to operate both adult and child/adolescent beds, then each unit shall have a minimum of 20 beds. The Department may approve an application for a unit of less than 20 beds, if the applicant demonstrates, to the satisfaction of the Department, that travel time to existing units would significantly impair access to care.</td><td>Possible Solutions:

• Modify minimum size to 10 beds to allow Critical Access Hospital to initiate a unit.</td></tr>
<tr><td>Workgroup Consensus:

Handled in the Renewing License Concept (see page 8).</td></tr>
</table>

9. Technical changes to the Standards requested by CON Program Section. Note: Consideration from the CON Program Section.	
Section 1: • Addition of a subsection for Medicaid Requirement. Section 2: • Update base year. • Remove definition of "Converted Beds" and any reference thereto. • Remove all references to "former Part 221." • Remove definition of "Partial Hospitalization Program" and any reference thereto. • Update planning year. • Update "Qualifying project" to match definition in other CON Standards. Section 6: • Modify Section 6(1)(b) to read: The applicant provides a written recommendation from the CMH(s) that serves that planning area in which the proposed beds or services will be located, or in a majority of the boards if more than one (1) CMH serves the planning are in which the proposed beds or services will be located. • Section 6(4) needs to be its own Section to conform to other CON Standards. Section 10: • Remove Section 10(3)(g), as it is not an enforced measure. • Modify Section 10(4) to read: If information presented in Section 10 is inconsistent with related information provided in other Sections of the CON Application, the applicant will be awarded the lowest value based on the inconsistent information.	Workgroup Consensus: Handled in the Renewing License Concept (see page 8).
10. Utilize Michigan Mental Health Commission (MMHC) Final Report. Note: Consideration from the January 30, 2006 Public Hearing. Received 1 recommendation for review for potential inclusion.	
Final Report dated October 14, 2004 of the MMHC and the MDCH Transforming Mental Health Care in Michigan dated April 2005 are available at: http://www.michigan.gov/mentalhealth.	Workgroup Consensus: Workgroup reviewed this document and took it under advisement in their recommendations of the Renewing License Concept (see page 8).

Renewing License Concept
Note: Resulting from overlapping issues, the Workgroup found it necessary to make this possible solution in a package format. Consensus on the whole package, not an individual item within the package, would be essential.

- Bed Need Methodology will be maintained to determine need for initiation of service.

- Adult Planning Areas will be the HSA and defined as:

  Section 2(1)(aa) "Planning Area" means the geographic boundaries of the groups of counties shown in Section 14.

  Section 14 would be modified by eliminating any reference to Child/Adolescent in subsection (1). Subsection (2) would be removed.

- Renewing License Concept. A pilot program administered through the Mental Health Code which allows adjustment of the number of licensed beds at a facility in proportion to their average daily census for the previous two (2) years, at the time of the biennial license renewal. This will eliminate the necessity for high occupancy language. Expansion of service will only be allowed through the renewing license concept.

  This formula will calculate the increase or decrease in licensed beds: ADC x RR = RLB

  ADC – Average Daily Census for previous 24 months.
  RR – Renewal rate (150% for facilities with 14 or more licensed adult beds)
  (160% for facilities with less than 14 licensed adult beds)
  (170% for licensed child/adolescent beds)
  RLB – Number of Renewed Licensed Beds

- Replacement Zone will read:

  Section 2(1)(kk) "Replacement zone" means a proposed licensed site which is:
  (i) in the same planning area as the existing licensed site; and
  (ii) on the same site, on a contiguous site, or on a site within 15 miles of the existing licensed site.

- Minimum number of beds in a psychiatric unit will be 10 beds. This will allow Critical Access Hospitals to initiate a unit.

- Section 6 (2)(f) would be modified to a maximum of 10 beds.

- Technical changes and updates of the Department.

Adjusted Methodology/High Occupancy Concept

- Bed Need Methodology will be maintained and calculated every two years to determine overall planning area need with an adjustment for low occupancy facilities.

  The Low Occupancy Adjustment will involve facilities with 60% or lower average occupancy for the previous two years. For each facility, the average daily census will be multiplied by 1.5 for adult beds and 1.7 for child/adolescent, giving an adjusted number of beds. The net decrease from the current beds, per HSA, will be the low occupancy adjustment.

  The affect on the Adult Bed Need utilizing October 2004 – September 2006 data is as follows:

HSA	Current Bed Need	Adjustment For Low Occupancy Facilities	Adjusted Bed Need	Current Licensed Beds	Bed Need or (Excess)
1	1019	35	1054	1223	(169)
2	163	26	189	145	44
3	164	23	187	153	34
4	228	16	244	248	(4)
5	129	51	156	144	36
6	151	5	162	106	50
7	56	3	59	43	16
8	75	0	75	37	38
Totals	1985	159	2144	2099	45

- Adult Planning Areas will be the HSA and defined as:

  Section 2(1)(aa) “Planning Area” means the geographic boundaries of the groups of counties shown in Section 14.

  Section 14 would be modified by eliminating any reference to Child/Adolescent in subsection (1). Subsection (2) would be removed.

- Expansion of Service will allow a facility with 70% average occupancy for previous two years within the bed need.

- High occupancy provision will allow expansion outside of the bed need for a facility with 80% average occupancy for previous two years.

- Replacement Zone will read:

  Section 2(1)(kk) “Replacement zone” means a proposed licensed site which is:
  (iii) in the same planning area as the existing licensed site; and
  (iv) on the same site, on a contiguous site, or on a site within 15 miles of the existing licensed site.

- Minimum number of beds in a psychiatric unit will be 10 beds. This will allow Critical Access Hospitals to initiate a unit.
- Section 6 (2)(f) would be modified to a maximum of 10 beds.
- Project Delivery Requirements:

  Minimum annual average occupancy rate of 60%. If below 60%, facility must decrease the number of licensed beds, not to be less than 10 beds, to the adjusted number of beds utilizing the following formula: The average daily census will be multiplied by 1.5 for adult beds and 1.7 for child/adolescent, giving an adjusted number of beds.
- Technical changes and updates of the Department.